

# **Report Need Assessment Workshop Planning to enable private sector involvement in the energy sector of Afghanistan**

**Kabul Serena hotel, Grand Hall  
Kabul, Wednesday 27<sup>th</sup>, Feb 2019**



## Participating Institutions

The Afghan Renewable Energy Union (AREU), Da Afghanistan Breshna Sherkat (DABS), Ministry of Energy and Water (MEW), Kabul Polytechnic University (KPU), Ministry of Rural and Rehabilitation Development (MRRD), The Afghan National Standards Authority (ANSA), Kabul University, etc.

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## 1. Background information on Afghanistan Energy Sector

The Government of Afghanistan is increasingly laying emphasis on utilizing Afghanistan's domestic energy resources to increase its power generation capacity. The objective is to become self-reliant in electricity supply and reduce dependence on imported power, which currently constitutes about 70% of the total electricity consumption in the country.

The Ministry of Energy and Water (MEW) governs the power sector in the country. It is responsible for formulating policies, strategies and plans for the development of power sector and implementation of these. It thus takes a vital role for the sustainable development of the power sector in the country.

The installed generation capacity in Afghanistan is only about 600 MW, which is largely based on hydro and diesel generation. The present power demand is largely met by importing power from the neighboring countries i.e. Uzbekistan, Tajikistan, Turkmenistan and Iran.

The country has about 1.2 million consumers and the per capita consumption of electricity is about 195 kWh, which is low as compared to South Asia average of 776 kWh and global average of 3,100 kWh in 2012. The level of electrification in Afghanistan is presently about 40%. The Government aims to take it up to 85% over the next 5 years.

## 2. Introduction

GIZ-ESIP “Energy sector improvement program” support public and private sector of the energy with an objective to improve the condition for promoting the renewable energy and energy efficiency in Afghanistan, is determined to achieve its goals on sustainable energy development and to support relevant stakeholders to improve the energy sectors’ condition.

As the private sector is a major factor in the growth of the economy, job creation and sustainable development; so, one of the main objectives of the GIZ energy program is the mobility of the private sector and its sustainable development. Therefore GIZ-ESIP, organized a workshop on *need assessment and planning to enable private sector involvement* in the energy sector on February 27<sup>th</sup> in Kabul to address the status of the private sector, sectoral challenges, market conditions, identifying requirements, providing opportunities for sectoral growth and the proposals/recommendations on closing the existing gaps in the way forward for the private sector with 80 participants from different institution involved in the energy sector.

Prior to the workshop MRRD and DABS were interviewed on 24<sup>th</sup> and 25<sup>th</sup> of Feb, to have their vision and plans on the private sector.

Mr. Essa Qudrat MRRD deputy minister highlighted the crucial role of the private sector in promoting renewable energy usage in Afghanistan and its profound impact over sustainable

development in Afghanistan. He added that specific plans and mechanisms are to be developed to facilitate the private sector in their business.

Mr. Stanikzia DABS commercial director highlighted that DABS as national electricity utility in Afghanistan aims to provide reliable and affordable electricity to the public and need the private sector association in delivering better electricity services. He added that DABS is interested to promote the usage of renewable energy through the private sector.

Both institutions highlighted that both public and international community need to take drastic measure to promote the condition of the private sector, and innovative solutions should be explored to lead the private sector toward sustainability. As a result of the interviews these are the comments that were pointed out regarding the private sector.

- Absence of a quality control system for the RE equipment.
- Lack of financial support/resource.
- Lack of experienced and professional expertise within the private sector.
- Lack of technical capacity and failure to implement the large scale project in alignment with international criteria.
- Low quality of the services.

Both institutions indicated that encouraging the private sector to invest in the energy sector can boost the economic growth in the country and added that the government is determined to boost private sector involvement and entrepreneurship.

In the interviews, the private sector challenges, opportunity, and way forward from stakeholders' viewpoint were discussed.

### **3. Workshop Objective**

The objective of the workshop was to define the way forward for future collaboration and meanwhile developing a one-year implementation plan for the private sector.

The workshop also aimed to:

- To identify the needs and challenges of AREU and provide the space to discuss the opportunity in the path of the sector to sustainability.
- To enable private sector involvement and to sustain AREU as a powerful association in the future.

#### **4. The need assessment workshop**

The planning workshop opened with welcome remarks of Mr. Kabul Khan Tadbir head of AREU. He highlighted that AREU vision is to empower and promote renewable energy businesses in Afghanistan, to develop and expand domestic and international investment in the renewable energy sector, and to provides broad opportunities for resolving issues such as the lack of energy supply and the creation of more job opportunities.

Following the opening remarks Mr. Almas Zakhilwal MEW deputy minister, gave a speech regarding support and initiatives to enable private sector to investment in energy sector of Afghanistan, commitment of the Afghan government in utilizing its natural resources to provide clean energy for its residents, and the major role of the private sector in promoting renewable energy usage in the country.

Subsequently, Mr. Ajmal Shenwari MRRD renewable energy director gave a speech regarding the role of MRRD in supporting the energy sector in rural areas in Afghanistan. and then Mr. Mojtab Hoshmand DABS renewable energy advisor highlighted about DABS collaboration with the private sector for investment in the energy sector.

then both Mr. Sayeed Kakar KPU Chancellor and Mr. Gh. Sarwar Hamgam head of ANSA highlighted the role of academia in energy sector workforce and the role of ANSA in standardization and quality improvement of energy products in the Afghanistan market.

After the speeches, the workshop followed by a presentation by AREU deputy director on the status of AREU and covered the Vision, mission, goals, strategy plans of AREU and MoUs (memorandum of understanding) with major stakeholders.

Then BSW (German Solar Association) presented the result of the AREU member assessment/baseline survey which 115 company were surveyed in three provinces in Afghanistan. The presentation reflected the baseline survey result and status of AREU/private sector which included the following issues:

- Requested fields of support from the private sector address.
- The private Sector employability ( the surveyed companies employed about 1700 person)
- Products and services that are being offered by the AREU
- Quality of the products in the market, sold by AREU
- Companies experiences and companies implemented projects in the field of RE so far to evaluate the potential of the sector.
- The barriers that hold back AREU and etc.

BSW also incorporated some recommendation which mainly focused on following issues:

- Internal development of AREU
- Political lobbying/campaigns
- Market development and communication activities.

At the end of the presentation, the participant had the opportunity to ask questions and discuss the raised issues in detail with BSW and other relevant institutions. The questions were related to potential, capacity, service provided by AREU as an association and private sector, etc.

## **5. Group Discussion**

After the lunch break, the participants attended the group discussions. The methodology used for the workshop was the world café method; it is a simple yet sophisticated format for hosting large group dialogue. The focus of the workshop was on analyzing the current profile, future goals, and activities required to enable the AREU to function as the focal and nodal point for all renewable energy private investments and of most companies active in this field.

The conversations in the groups were focused, relaxed, with a great opportunity for the participants to speak, discuss and to share authentic experience & knowledge regarding the private sector.

the discussions were held in two rounds.

- Analyzing the current profile and future goals of AREU.
- Analyzing the gaps & identifying the activities.

### **5.1. Analyzing the current profile and future goals of AREU**

In this stage, the participants were divided into three parallel working groups to analyze the current and future vision & strategy of AREU. the working groups particularly discussed the internal development of AREU, sector lobbying, sector landscape, and members benefits.

This stage was a systematic investigation to determine; where does AREU stand and what should be the way forward for the AREU as an association and was to analyze the needs, requirement, necessary competencies and performance level for the specific goal of AREU.

Discussions covered issues such as vision, revenue generation, structure, staffing, access to finance, network, member interaction, Knowledge/information sharing, Member Technical capacity, Membership acquisition, and market development.

the summary of the discussions in the three working groups can be summarized as follow: Services provided by AREU should attract new members that in turn will increase the basic income through their membership fees and reinforce the significant role of AREU in promoting renewable energy business in Afghanistan, the services provided should be the same for all members in accordance with the demands of the members, there isn't a specific platform to access to finance resource, there isn't any specific condition set for member acquisition, incessant endeavor need to be made to strengthen AREU to consolidate its position as a representative of the private energy sector in Afghanistan, no information system & members' database and feeble interaction between members, etc.

## **5.2. Analyzing the gaps & identifying the activities**

In this stage, the participants in three parallel working groups discussed the challenges, gaps to identify achievable, short-term and long-term solution/activity for the way forward based on the needs and the requirements of the private sector to meet the demands of the sector.

- One Working group focused on AREU as an association/internal development
- another working group targeted the sector landscape and lobbying
- while another working group addressed the member benefits

As the results, several activities were proposed by the participants for the enhancement and improvement of the private sector mainly AREU which some of them could be financed by either AREU itself or another funding source.

These activities are marked under the conclusion section in this report.

## **6. Conclusion**

Among the proposed activities some of them have been marked to be in line with GIZ-ESIP objectives and indicators and ESIP can proceed to contribute for their implementation and following are the activities:

- Support Implementing of PV Passport concept
- Lobbying for a business enabling environment
- Marketing/awareness raising programs for the companies to increase the members
- Establishment of private sector coordination committee/ TWG
- Creating access to finance working group
- Developing communication strategy (Review)
- Develop a comprehensive awareness program
- Create a mechanism for awareness of the members about policies
- Holding Expos
- AREU website to be professionalized